1	BEFORE THE
2	ILLINOIS COMMERCE COMMISSION
3	UTILITY SUPPLIER DIVERSITY POLICY SESSION
4	Tuesday, September 13, 2022
5	Chicago, Illinois
6	Met pursuant to notice at 2:00 PM at 160 North
7	LaSalle Street, Chicago, Illinois.
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9	PRESENT:
10	CARRIE ZALEWSKI, Chairwoman
11	ETHAN KIMBREL, Commissioner
12	MICHAEL CARRIGAN, Commissioner
13	ANN MCCABE, Commissioner
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21	BRIDGES COURT REPORTING
22	BY: Quinn Dean Electronic Reporter

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1 CHAIR ZALEWSKI: Okay. I'm going to go ahead and 2 get started. Good afternoon. It is really wonderful 3 to see a full room. We appreciate everyone's 4 attendance here. 5 I am going to go ahead and call the 6 2022 Annual Utility Supplier Diversity Session to 7 I have with me Commissioners Kimbrel, Carrigan, order. 8 and McCabe with me in Chicago; so we have a quorum. So 9 again, welcome. 10 The ICC began holding these policy 11 sessions to report supply chain diverse spend by large 12 utilities seven years ago, and every year we have seen 13 positive gains reflecting both a clear and continuous 14 commitment to communities of color and a desire to 15 reflect the diversity of the state. 16

During the previous seven years, utility spending with minority, women, and veteran-owned businesses grew from an average of 15 percent in the first year to over 33 percent, and we have utilities that are inching up near 50 percent diverse spend. It's really incredible.

Put another way, of the 5.1 billion

dollars spent among the six utility companies, 44

percent were -- 2.2 billion dollars was spent with

diverse suppliers. So it's really an incredible number

and something to be celebrated.

It's also exciting to see the steady increase with diverse Illinois-based businesses, meaning the dollars spend help grow Illinois-based diverse suppliers and the surrounding economy. But work remains. And instead of resting on the good work that has already been done, we continue to do a deep dive of the information in partnership with the utilities to examine the particular areas that need the most work.

For example, you'll hear today discussions on ways to increase the area of professional services. We've had a panel like this before, and we thought it was important again to highlight it again this year.

Our director of diversity and community affairs, who you will hear from soon, Jeanine Robinson, is in her third year managing the reporting and organizing of the policy session, and she continues to

think of new ways to create new opportunities for diverse suppliers in Illinois.

Under her leadership, the ICC staff collaborates with other state agencies, including DCEO and CMS, to promote workshops designed to solicit opportunities from diverse vendors.

The ICC also works closely with grass roots organizations promoting communities of color and women-owned businesses, and the Commission has developed relationships with various assisting agencies, including but not limited to the Hispanic American Construction Industry Association, the Federal of Women Contractors of Chicago, the Black Contractors Owners and Executives, the Women Business Development Center, the Illinois Hispanic Chamber of Commerce, and the Minority Supplier Diversity Counsel, to name a few.

And the Commission remains committed to creating new and expanding existing opportunities and ensure that we support those businesses that have historically been left behind.

We also look forward to the new tools that CEJA brings to ensure Illinois remains a leader in

the space of equity and inclusion. We know the story
of supplier diversity is not done.

So turning the page, we move on to today's program. Today we have a two-part agenda for our policy session.

First, we're going to hear from the presidents and CEOs of the largest utilities about their diverse spend over the previous years, and then we will have a discussion with various executives from the utility companies regarding diversity within the professional services industry.

We have had invited Leader Marcus Evans to kick us off. I know he has a very busy schedule.

So when he does -- when he's able to attend, we'll turn the floor over to him. And I did want to recognize Representative Delgado is with us as well. We always appreciate her leadership and support.

And if I missed any other elected officials, please give me a wave and stand and introduce yourself. I don't see anyone, but we always appreciate the support of our general assembly members. It's really important. With that, then I'll just go

ahead and turn it directly over to Jeanine.

MS. ROBINSON: Madam -- oh, there we go. Thank you, Madam Chair. Good afternoon, and thank you again for joining the Illinois Commerce Commission for our Annual Utility Supplier Diversity Policy Session. I am Jeanine Robinson, the director of Diversity and Community Affairs.

I am excited to be a part of my third Supplier Diversity Policy Session and my first in person. I will be the moderator for both portions of our session today.

Per Section 5-117, our Public Utility

Act requires the large regulated utilities to report on their diverse supplier goals and actual spending on the diverse suppliers in the previous calendar year.

I'd like to take a moment to let the public know, as mentioned, diversity is very important to us.

Prior to the ICC holding the Annual Supplier Diversity Policy Session, there are a few things that we do here at ICC regarding supplier diversity reporting with the Public Utilities Act --

per the Public Utilities Act. Sorry.

The reports that the utility companies are required to submit are due in April 15 of every year, which is posted on our website.

and I do a thorough analyzation and the review of the reports, after which the there's a meeting with commissioners and with the six utility companies presented today to discuss the reports, opportunities, progress, things of that sort, challenges and concerns. This policy session is the last leg of that process.

So I would like people to know that it's just not us having a policy session and having a conversation about it. There's a lot that goes on behind the scenes.

And so as I said, during the first half of our session, the CEOs will share their company's highlights on diversity spend overall. We will hear about best practices, challenges, plans going forward, adjustments, and strides. Each speaker will have about five minutes or so to present. That will be followed by the question and answer session. As always, the chairman and commissioners are welcome to ask questions

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1 throughout the session. If time permits, we will address questions if they are submitted via email. 2 3 That email address is icc.diversity@illinois.gov. 4 Let us begin. We will start with 5 Justin Ladner of Illinois American Water, Torrence 6 Hinton of Peoples Gas North Shore Gas, Wendell Dallas 7 of Nicor Gas, Gil Quiniones of ComEd, Lenard Singh of 8 Ameren Illinois, and finally Dave Carter of Aqua 9 Illinois. Justin? 10 All right. Thank you, Jeanine, MR. LADNER: 11 Madam Chair, Commission. It's a privilege to be here 12 today. I appreciate the opportunity to have this very 13 important conversation. I'm going to spend a couple of 14 moments talking about the IUBDC and some of the 15 highlights. The Chair, you alluded to several of them. 16 And then I'll go and talk about some of Illinois 17 American Water's accomplishments through 2021. 18 Before I do that, I want to make a 19 quick introduction to the gentleman to my left. Jim 20 Gallegos is American Water's new executive vice

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president and general counsel, so he's at our parent

company. And he's going to accompany me through some

of this presentation today and speak to some of the focus on professional services, particularly legal and inclusion and diversity and the transparency that American Water values.

So going into the IUBDC, as I look to my right, and we we've joked about this a little bit, we've had a bit of an applecart turnover in leadership among our utilities here in the state. And what came of that is one repeat presenter in front of you, which is me. And I've been excited to step into the chairmanship role as the senior tenure with the transition that we've had because it's important for us to maintain consistency, stability of this very important mission.

Going through some of the highlights, I want to also mention in support of that, we've hired a new executive director this year, and Nancy Collins has been tremendous in giving us some structure and much needed organization. She has led us through some of the transition that we've gone through over the course of the year so that we still have some accomplishments — some tremendous ones of which four scholarships to

the Northwestern Kellogg Business School.

I can't stress enough, and we talked about in our board meeting how critical this is to really help our diverse partners grow their business acumen, their network. I spoke to an individual that was awarded one for the first time this year last night and to hear firsthand how much he learned by being exposed to that expertise from professors as well as a peer network helped confirm that that is meeting the mission and the intent is being satisfied.

We also did an ESG one-on-one webinar here for the first time this year where our companies pulled together ESG experts and had over 80 attendees attend and better understand what the needs are of our respective companies when it comes to ESG and what our expectations are, very much kind of an educational piece of our curriculum.

And then also our external engagement, the Mid-American Regulatory Conference. Several of the individuals on this panel here participated in a panel, former Commissioner Bocanegra on what does it mean to be utility to really lead the next steps in workforce

1 and supplier diversity. And that was the general 2 I think it was the largest attended session 3 of MARC, and that shows how much we're invested in it. Building forward, you said it shared 4 5 2.2 billion, 2021. This table right here, 2017, 6 1.1 billion. So five years, 2X, okay? That's the compound interest. That's the good that's happening 7 8 here, and we're excited to see what'll happen in the 9 next five years. 10 So transitioning to Illinois American 11 I want to just mention some of our high level Water. 12 numbers, and I'll move pretty quickly through here. 13 And you can see \$65 million in diverse spend. takeaway is we're continuing to raise the bar each 14 15 year, okay? We're raising our goals. You can see that 16 3.3 percent above the goal that we had of 25, which was 17 already an improvement over the 2020 goal. And so you 18 see that 13 percent year-over-year increase. 19 The VBE spend, I want to spend a quick 20 moment on that. You see that picture? This is the work actually in progress. So this is an example in 21

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Alton in the Metro East Area where an acquisition --

they had a long-term patrol plan with Illinois EPA where they were having sanitary sewer overflows. This is the heart of the challenge on infrastructure.

We partnered with a veteran excavating company for the first time on a job of this magnitude of \$15 million, and they're helping us work through that long-term control plan to the tune of already fixing the first SSO requirement. So we continue to work and build relationships there.

Moving to the next slide, I also want to mentioned that Illinois American was -- received the most outstanding supplier diversity program award within the American Water footprint last year. So out of 13 states in which we operate, we were recognized as the number one. And that's a tremendous testament to our team that's done a lot of great work.

So on this slide, going -- narrowing down to Illinois spend, 46 million with Illinois-based businesses spread across MBE, WB, and BB, we've increased it by 20 percent. As you can see those boxes on the bottom, that's the impact. We're talking significant job growth, infrastructure investment,

taxes. It's clear to see the impact that we're making.

Moving to the next slide, professional services highlights. This is where we want to talk about some of the recent focus. And we've heard loud and clear that this is an area that needs to be met with some intentionality. And as you can see that far right on that bar graph, the print is very small, but that's engineering services, and that's an area of 107 percent increase.

And I have to give credit to our new program director of supply diversity, Jennifer Morrison. The expertise and strategy that she's brought into American Water in joining us this year, she has helped our internal team. I use the phrase widen their aperture, but there are diverse partners out there and they are very qualified. We need to work on that intentional matchmaking.

And you can see right there how some of the contracts have been awarded to credible diverse partners and engineering services.

And then the next one, I'm going to mention real quick and hand off to Jim is architectural

services. And that's on the far left, and it's hardly noticeable, but that's an example where we've already made progress with an architectural firm that's diverse to help us with our Chicago building. And that's a direct result of McKissack & McKissack, of Jennifer working with our engineering team. So at this time, I want to hand it over to Jim to speak to a little bit more on our professional services in terms of legal.

MR. GALLEGOS: Sounds great. And thank you very much. I appreciate the opportunity to address you.

And at American Water, diversity is just critical, and we look at it it's critical as far as workforce, but also supporting the suppliers in the communities where we operate. And it really starts at the board level and the executive team level. There's oversight.

There's engagement. And if you want to change to slide one, please.

I won't go through the numbers there, but these are our statistics. This is our corporate scorecard. We actually do part of our pay -- our annual pay, is based on diversity. So it's very, very important. It's very, very important that we keep our

1 eye on the ball.

We educate our employees on what can they do to actually -- how can they do their part in improving diversity within the company but also with regard to our suppliers. And what we really try to emphasize to our employees is why is this important.

It's important. Again, we think it's very important because it makes the company stronger, makes it more resilient. As we look at issues, as we look at opportunities, we're looking at it through different filters.

But then more importantly, our customers expect this. Our shareholders expect this. So yes, it's the right thing to do. But, again, from an organizational perspective, it really enriches the fabric. You want to go to the next slide.

Looking at this, we're very, very proud of the diversity statistics of the Law Department.

We're 73 percent diverse within the organization.

Very, very proud of that number. In Illinois, our outside counsel spend is low, but 40 percent of that spend is to diverse suppliers, so we are very proud of

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1 that statistic.

However, even when we're using law firms that are not diverse, we ask that our work go to diverse attorneys and staff members in that organization. We've partnered with an organization called Diversity Lab. They'll help us send out surveys to non-diverse firms asking them to go through their bills to pull out how much of the spend was actually spent on diverse attorneys. We ask about their programs. We ask on how we can keep that number improving, increasing.

And then throughout the state, we want our attorneys and we want our staff very, very engaged in diversity. So what we've done is, for example, in Illinois, we have two programs, one with a law firm where we've taken a diverse law student. We've mentored them. We've exposed them to utility law. We've just started another program with Loyola University.

And then also what we're doing, and this is an initiative we're starting this year; attorneys want to do pro bono, and so what we're trying

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- to do is get our attorneys to do pro bono, however,
 really focused on our service territory.
- 3 So we're starting a program. 4 called Wills for Heros - where we would actually be 5 doing wills for first responders, police, firefighters, 6 but then also partnering, for example, with the Urban 7 League, and how can we provide legal services 8 partnering with low income organizations, also with law 9 firms to provide services to our constituents, our 10 customers, which are really very, very important.

MR. LADNER: Thanks, Jim.

Move to the next slide. So I'll close this out talking about just where we're going, okay, and scaling growth. There's an opportunity to leverage regional partners with the American Water footprint, you know, focus on businesses that are absolutely headquartered in Illinois, but we have a sister company in Indiana and Missouri, and that may help certain diverse partners make the investment to become partners for us.

And then the second comment I want to make here is really a call out to the IUBDC. And what

we're trying to convey there is there's an opportunity to find or to identify gas pipeline installers. Well, there's an overlap there in the work requirement for water mains, wastewater mains, and is there an opportunity for them to do more work with the water side of the business.

And again, our team, led by Jennifer, has really been focusing on that. We're in the process of learning one another, and they've come and visited some of our sites. Our team's gone to visit some of their sites to see just what the synergies could look like.

And then lastly, business acumen.

We've got to continue to educate our diverse community and partners on what the water and wastewater business is. We understand there's a lot of opportunity, but there needs to be an explanation and education provided on our part on what it is that we do and how they could potentially partner with us.

So at that time, I'll conclude and see if there's any questions from Commission.

CHAIR ZALEWSKI: Can I just ask a quick question

about the Loyola University Program? Can you just give 1 2 a little bit more detail about it? Is it run through 3 the law school? How does somebody engage in that type 4 of program? 5 MR. GALLEGOS: It is run through the law school. 6 We've reached out to various organizations like the law 7 schools. We've reached out to Loyola. They partnered 8 with us. They'll select a student that would be 9 assigned to us throughout the year, and we would be 10 working with them. 11 CHAIR ZALEWSKI: Is it an internship program? 12 MR. GALLEGOS: It is an internship. 13 CHAIR ZALEWSKI: Got it. Okay. Thanks. 14 Yeah. They get approximately like MR. LADNER: 15 five hours of work. And I'll say that this is our 16 first year of doing it. Initially, it was two 17 students, but there's interest. Now we have three, so 18 it's been well received so far. 19 COMMISSIONER CARRIGAN: Mr. Ladner, can you briefly discuss your cyber security concerns? 20 21 MR. LADNER: Certainly, Commissioner Carrigan. 22 You know, I think as my peers and

I -- we discussed this at our board meeting. You know, historically, there's been challenges in safety bonding and general insurance. And certainly, cyber security is now at the forefront after seeing all the cyber attacks. That's something we're focused on. The remote nature of water facilities makes that especially critical, and the different state of technology, if you will.

actually looking at the Safe Drinking Water Act and making revisions to require for compliance certain cyber security measures not only by the operator, but to the point of this discussion, our supply chain. And so is that the right amount of insurance that our diverse partners need to have based on the work that they do? That's kind of our current frontier that we're trying to work through. But it's an absolute challenge, Commissioner.

COMMISSIONER KIMBREL: Mr. Ladner, you had mentioned your architectural spend. Do you want to go into more detail there?

MR. LADNER: Certainly. I view that as an

we focus on it.

- example of the opportunity that's out there. And when

 look at the engineering spend on the far right of

 that graph, that's an example of what can be done when
 - So we're trying to take that same approach of spending time with our engineers to match them with diverse partners and scale that over to architectural.
 - And we do a fair amount of construction, but we've got to be very focused on when we do go vertical, there are diverse architectural firms out there that we need to work with. And a key part there was really finding a credible partner to start with, and we feel that we've got that with McKissack, and we'll look to do that all throughout the state.
 - MS. ROBINSON: Thank you. Next we'll have Torrence Hinton.
 - MR. HINTON: Good afternoon to the Chair, Members of the Commission, and ICC staff.
 - This is the first time I've had the chance and opportunity to speak before the full

Commission since becoming president of Peoples Gas and North Shore Gas. It is truly a privilege to be with all of you here today.

I've had the pleasure of meeting some of you individually, and I'm certainly looking forward to working with the entire Commission and staff as we move forward.

As I get started, I do want to say that I'm a lifelong Chicagoan born, raised, and educated right here in the City of Chicago. I grew up in the South Shore neighborhood, attended Chicago public schools, had the pleasure of obtaining my undergraduate and both graduate degrees, again, right here in the city. I worked most of my entire career at Peoples Gas and North Shore Gas starting out as an engineer and having the good fortune of working in many different capacities over the years.

So as a kid from the south side of Chicago, I am personally invested in the work we do and the people we serve every day. And providing economic opportunity in the communities we serve is a big part of that, which leads me to the reason why we're here

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1 today, our supplier diversity initiative.

2021 was a unique year in a few ways at Peoples Gas and North Shore Gas. The successful completion of several major construction projects at Peoples Gas in 2020 meant that our overall procurement spend was smaller in 2021.

There were also obviously the continued effects of the pandemic and that global supply chain issues experienced in all sectors of the national and global economies.

So our challenge last year was to keep projects on schedule and meet our supplier diversity objectives and to do so seamlessly with a smaller scope of projects.

diversity initiative, a test that ultimately proved our program's resiliency and the ability to adjust in changing circumstance. As you see on slide 1, in 2021, we spent 123 million dollars through our supplier diversity initiative.

Happy to report that it was a fifth consecutive year we spent more than a 120 million

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1 dollars with diverse suppliers.

As I've mentioned in the past, this is twice the amount spent in 2015, when WC Energy Group first acquired Peoples Gas and North Shore Gas and we initiated our current supplier diversity initiative as it exists today.

Spending on diverse suppliers accounted for 25 percent of our total procurement in 2021 for the second year in a row.

We maintained that level of spending despite the fact that overall procurement span was down. If you go to the second slide for me, please.

60 percent of our diverse spending in '21 was with Illinois-based companies. That represents more than 74 million dollars.

67 percent of our total diverse spend was with businesses owned by minorities. And all MBEs earned more than 82 million dollars through our supplier diversity initiative.

31 percent of our diverse spend, representing 38 million dollars, was with businesses owned by women. 42 percent was with Tier 1 suppliers.

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And finally, 31 percent was with firms 1 2 that provide professional services, accounting for more than \$38 million of spend in 2021. Next slide, please. 3 4 Our safety modernization program 5 continues to be the key driver for our supplier 6 diversity initiative in 2021. 7 Last year 44 percent of the total 8 diverse spend was with SMP alone. That amounts to 54 9 million dollars earned by diverse firms working on SMP, 10 which was only a third of our total expenditures for 11 SMP last year. And I'm pleased to report that we're 12 committed to sustaining that level of spending as we 13 continue the critical work of monetizing our delivery 14 system as in 2020. 15 SMP kept our supply diversity 16 initiative on track in the midst of the economic 17 challenges of the pandemic. 18 The professional services category also 19 continues to drive the success of our program. 20 Spending with diverse professional service firms held

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steady in '21 despite the reduction in overall

procurement spending.

And going forward, professional

services will continue to be a top priority for us.

Next slide, please.

Our supplier diversity initiative remains a key focus of our strategic plan. Each year during our budgeting process, we set supplier diversity goals based on our overall procurement plan.

One of our top priorities is to use local companies wherever possible. Peoples Gas and North Shore Gas are significant drivers of the regional economy, and utilizing local companies allows us to make an even bigger impact in the communities that we serve.

As part of our program, we set clear expectations for our major prime suppliers, but we expect them to meet a minimum diverse level of spending. We promote opportunities in a wide range of sectors, and we continue to grow the role of our professional services.

Our supply diversity and procurement staffs work closely with top management to find new opportunities in legal, financial, and other types of

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professional services.

of joint ventures. Joint ventures help diverse companies gain the expertise and capabilities to become even more competitive. And we also continue to partner with business associations and the Illinois Utilities Business Diversity Counsel to create new opportunities for diverse businesses.

A primary focus of that effort is to continue to develop the expertise and capabilities of diverse firms in the natural gas construction area.

As I said previously, our Safety

Modernization Program is the largest single driver of
our supplier diversity initiative. So developing
diverse gas construction firms will remain critical to
growing diverse spending in the future.

Together these strategies comprise a business model that has allowed us to consistently meet and even exceed our supplier diversity goals repeatedly over the last seven years.

In closing, providing opportunities in the communities we serve is deeply personal to me.

1 It's also one of our core values at Peoples Gas North 2 Shore Gas as well as our parent company WC Energy 3 Group. 4 In 2021, our supplier diversity 5 initiative proved to be resilient and flexible. That 6 resiliency and flexibility will serve us well as we 7 continue to grow up program and expand those 8 opportunities for diverse businesses. 9 I look forward to working with the 10 Commission and other key stakeholders to continue to 11 create economic opportunities throughout service 12 territories. 13 Thank you again for the opportunity to 14 present this afternoon, and happy to answer any 15 questions. 16 MS. ROBINSON: Thank you, Torrence. 17 Next we'll have Wendell Davis. I mean, 18 I'm sorry, Wendell Dallas. 19 Thank you very much, Madam Chair and MR. DALLAS: 20 Commissioners and the ICC staff. Thank you for this 21 wonderful opportunity to be here today to talk about

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Nicor Gas's performance. And thank you for hosting

1 this.

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As you've heard, I'm fairly new to the Chicago area, but I'm greatly impressed by the work ethic and the commitment of my fellow colleagues here as I've joined the IUBDC and what we're doing and why we're doing it.

Representing Nicor Gas, being a part of Southern Company Gas, we are very committed to making sure that all of us grow, our communities grow. And so reporting our numbers here in this first slide, you'll see I'm happy to -- really to celebrate this with you.

We achieved 45.8 percent of our source spend with minority women veteran-owned business enterprises. That's resulted in 414 million for 2021.

49 percent of the diverse spend was with Illinois-based companies, which is 7 and-a-half percent higher than 2020.

We also continue to add organizations to our database. You know, as we increase our network, our influence, we added 90 organizations this past year. Of those 90 organizations, 24 were Illinois-based firms. And then, the other -- the stuff

that I want to just share based on this slide here is if you look -- go back to 2018, Nicor Gas has spent more than about approximately 1.6 billion dollars in this space.

And so we're very proud of the hard work and commitment of the entire team that's on the ground each and every day and more importantly, our partners, the vendors, suppliers that we're working with. That's the reason why -- that we're -- we feel we're successful because it takes an entire village to be able to execute well in this space. If we go to the next slide.

One of the things we -- I'd like to share here is as you go through our process, the reason why we're so committed to doing this, and we've got a lot of rigor around the structure, this is -- it's not only the reason why we do it, but it's how we do it.

Community involvement is a major part of that.

So we're going to always make sure we're leveraging not only internally what our employees do within the communities but also with our partners.

If you look at our five foundational

principles here that are laid out; advocacy,

development, procurement, reporting, and sustainability

- you might have seen it in the past that we had these

other four. Sustainability is a new one that we added.

Before I get to that one, I'd like to hit on a couple of things. When you look at advocacy, engagement, matchmaking events, panels, things like -- things that we're doing today, business expos, we really want to make sure that every opportunity that's presented to us, we're taking advantage of.

When you look at the slide, the next one, in development, here is an area where we have a supplier diversity business development program, which is connected with Southern Company Gas. Southern Company Gas actually started that, which Nicor Gas is the major player of. We're now basically connected throughout all Southern Company, and we're actually working with organizations really teaching them, helping them, developing them. And we spent time. It's an 18-month cohort where we actually bring in vendors to work with some of our key executives to really better understand what's -- how our business

1 works.

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And then when you look at what Nicor's doing specifically, we also have the diverse business partnership, and that's unique to Nicor Gas.

Again, going back to our focus and our commitment to investing more, doing more in the Illinois space, that requires us to have more dialogue with the individuals that are working in this space.

And because of these strong partnerships, we feel like we will continue to make great progress, even despite some of the challenges we're facing.

The other area that here that I hit on

-- what I mentioned a second ago, is sustainability.

Sustainability is an area when we think about what's

going on with ESG as part of Southern Companies, we are

committed to move into equity. And part of this

effort, we really are making -- creating stronger

partnerships with individuals, companies, diverse

suppliers in this space.

And because of that, we are making sure that they understand the changing landscape that we're all facing. Natural gas is a foundational fuel. We

want to be part of the future, and we're educating all of our vendors and suppliers in terms of what does that actually mean.

And one area is -- in particular is if we think about as we develop business, we're paying a lot of attention to make sure that they understand, like, opportunities like renewable natural gas, for instance, that there's opportunities here, what can they do in this space. And working with our suppliers and vendors, it's helping us to make sure they understand we're looking for ways to take advantage of these opportunities.

We can go on to the next slide.

Here, as we look at -- the point that I want to focus on here is providing education and access to our diverse businesses.

It really starts with us investing in our communities, working very closely with individuals that grow up in these communities.

And when we look at how our diverse suppliers are building their networks, we want to make sure we're part of the solution with them.

Making stronger communities as they recruit talent, workforce into their organizations, we want to be a part of the solution. We're working with them to help them do this.

We have the Women in Construction

Matchmaker Program. This is a -- we hosted a virtual

networking event to connect the Federation of Women

Contractor members with decision-makers at Nicor Gas,

some of our major partners, Precision Pipeline, NPL,

Pipe Strong, and KS Energy Services.

We also had an event where we educated suppliers about the different types of industries within our space with -- working with the Illinois Manufacturing Association, the equity and inclusion series, we partnered with the United Scrap Metal and the Women's Business Development Counsel for panel discussion as part of that D and I series.

These are interwoven. These are connected, and the more we do in this space, the better. Then we also feel like our understanding of where we're headed not only as energy -- in the energy sector, but as we're headed as a company and the

opportunities that are being made available, these small touch points actually go a long way.

Another point that I'd like to hit on too is let's talk engineering. Last fall, Nicor Gas partnered with the Hispanic American Construction

Industry Association. But also, virtual networking events provide the Hispanic and Latinx Business

Communities the opportunity to learn how to be successful in doing business with major utilities such as Nicor Gas and connecting them with engineering firms and helping them to see what those subcontracting opportunities are.

So again, working with our network, making sure that we're investing heavily in, and ensuring that that network not only touches Illinois, but also reaches through all of Southern Company's footprint as well. We can go to our next side.

Just to hit on a couple of the challenges, I know these are not unique to any one company. We are dealing with the market volatility, the challenges there, what's going on. We all know what the rising cost -- material shortages, the

geopolitical tensions creates a lot of uncertainty.

And so as we educate and work with our partners on understanding that's a challenge we're all dealing with, we have to figure out how to navigate those waters. We've done very well in '21, but those challenges are not gone. They're still here. We're facing them real time today.

The other thing is that with growth and opportunity, you create success. And in this area of success, a lot of our suppliers are being acquired by other organizations that are non diverse. Well, we're not stopping there and saying, "Well, that's -- you know, what do we do about it?" We'll actually continue to make sure we're investing into -- in the entire network. We put requirements on our Tier 1 contractors to invest in Tier 2 to create more opportunities. But the growth, the change, the dynamics that are taking place, that's the part of business that we're going to continue to face, and we have to continue to invest in.

We're really -- and we're very excited by the fact that we have made significant investments in this space and we're going to continue to move. So

change is that last item there, and change is something that we're embracing. And the more we educate our suppliers and vendors, we feel that's going to make us a stronger -- not only stronger Illinois, but within Southern Company, it's going to make us a stronger Southern Company as well. And we go to the next slide.

Again, going back to local partnerships, working -- we're making investments with individuals that are coming up, growing in the communities that we're serving, and helping individuals see the opportunities, engaging with the business partners and also educating them on the supplier diversity opportunities with the entrepreneur arrangements and other companies that are working for us.

We feel that by making these investments and bringing our partners along with us, it's making sure that every one of the individuals working within our framework, within our organization, all the individuals we touch, they're part of the solution, part of the process. And as -- we all can appreciate awareness of what's happening.

You know, sometimes those single touch points make significant differences. And by this cohort that we're invested in here, this career academy that we've done, it's actually creating tremendous opportunity for individuals in the energy sector. We can go to the next slide, the last slide.

What I'd like to do in conclusion is that -- you know, we're currently executing our 2022 Business Diversity Plan, and we're on track to achieve our results, and we're still navigating many of those challenges I just talked about earlier. But our supplier diversity efforts, they really expanded to focus on sustainability, inclusive growth for all of Southern Company.

The goal is to have a significant positive impact on the communities we're serving. And we do that not only from its internal standpoint but as learning from working with our vendors and our suppliers. That's what we feel is a game changer. That's making a big difference. Investing in that development side is key and critical to our future.

We value -- we appreciate and value

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your partnership as commissioners. And my -- I value -- we value and appreciate all my colleagues here in IUBDC, and I know that we're making a significant 4 difference. And we look forward to continuing to execute all the diversity objectives that are being set before us. And I'll ask -- see if there's any 7 questions you may have. And thank you for the opportunity to speak this afternoon.

COMMISSIONER MCCABE: In going through the reports this year and in our one-on-one conversations, just congrats on the variety of ways the companies are going about increasing and supporting diverse suppliers. And for Nicor what really jumped out is the number of new suppliers -- diverse suppliers you were able to obtain in 2021. So how'd you do it? And are you sharing some of those best practices within the IUBDC?

MR. DALLAS: Well, I'll answer the second question first. Yes, we are sharing those best practices. And again, as I stated before, the IUBDC is a great venue for us to be able to better serve Illinois, and that's the reason why we're doing this in

1 | the first place; right?

The part about how we're making a difference in finding more, it's actually really listening to our suppliers, you know, what challenges are they facing. And when we are -- they know that we're investing in putting requirements on our Tier 1 contractors. Well, for them, it's like, "What are they doing? How can we help them grow in development? Who are you working for? Who are you trying to find? Who are you recruiting?"

And listening to that -- those -- their suggestions and recommendations, enables us to be able to invest more in that space. And again, that personal touch, working with executives, key leaders within an organization, that's the game changer. And the more we do that, the more we learn, the better we become as an industry.

COMMISSIONER KIMBREL: Mr. Dallas and also
Mr. Hinton, would you both like to address the
challenges you faced with your diverse spend?
Obviously, the numbers have been improving over the
years, but if you could just touch upon that.

MR. HINTON: Thank you, Commissioner. Yeah, specifically for us at Peoples, you know, we -- part of our diverse spend for the last three or four years has been an investment in our facilities. I'll refer to it as a facilities of the future. And that program, while not 100 percent completed, is substantially completed, and we saw a drop-off in spend specifically in 2021 related to that effort. But again, as I indicated in my prepared remarks, our Safety Modernization Program, continuing to upgrade our delivery system, getting it ready for the future will remain a staple part of our spending as we move forward.

MR. DALLAS: One of our -- as I stated a second ago talking about the acquisitions that are occurring in this space, that's one challenge that we're facing, but another is the varying types of work. As our work changes every year, we don't have the same number that we're working from. Well, when you look at our number here in 2021, we had over 200,000 relating to pipeline construction services space. We've had about 80 million in the professional services. Facilities is around 47.

So in these -- all these various buckets, as we have changes occurring in that space, you got to -- we're trying to figure out ways to make sure that as the numbers change, are we still touching those percentages at the same time the new objectives that we have. So in the safety and other pipeline projects, we're making sure that our Tier 1 contractors are looking for more companies, organizations to help us to protect and grow our percentages, our numbers.

CHAIR ZALEWSKI: If there are no questions, I'm going to take a pause. I see that we've been joined by Leader Evans. The Super Bowl has the halftime of the weekend where we have Leader Evans, which I would say is much better. So we're going to go ahead and just turn over to him. I'm just going to introduce you briefly.

Leader Evans, for those of you who don't know, was the principal sponsor of the historic CEJA Bill. He has a lot of strong, strong, important leadership in Springfield. He's championed advocating for minority, women, and veteran-owned businesses in Illinois throughout his career.

Representative Evans has served in the General Assembly since 2012, and he serves on various commission -- or community -- excuse me, committees within the General Assembly, including but not limiting to the assistant majority -- as an assistant majority leader, serving as the chairman of the Labor and Commerce Committee, as a member of the Revenue and Finance Committee, and Appropriation of Human Service Committee as well as the bicameral Legislative Audit Commission.

Representative Evans is a leading voice in ensuring opportunities for all Illinois residents. And he works tirelessly to figure out ways to support Illinois business and community workforce. And on that note, I am very grateful for Leader Evans's leadership on ensuring opportunities for everyone in Illinois. And I'm grateful for his friendship always and, of course, for him to take the time to come with us -- to speak with us today. Thank you for being here, and I'll turn over to you.

MR. EVANS: Thank you, Chairwoman or Chairman
Carrie Zalewski and Executive Director Mike Merchant.

I'm clearly an overworked public servants, judging by all the things that we've done. We've done some good things, you know? And thank you for inviting me again to the esteemed Commission to all of you great men and women out here who work in this industry. And it's a very, very important industry.

Clearly, Public Act 97-1041 will aim to increase the participation of women, minorities, veterans, small business enterprises, and procurement contracts with regulated entities. As a response in the last seven years, there's been a steady increase, and I appreciate that increase. We're talking somewhere in the space of 40 percent in the total spend toward diversity spend. And I appreciate that.

The advantages of supply diversity are simple -- opening up doors that have been closed.

Doors that have been cement doors become wide open doors. And those doors transform families, communities, and lives. We see the issues in this city and issues in the state and country. Your industry will get -- more doors can be open. It can be the solution in many of those problems, improves market

going to keep pushing.

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- Utility Supplier Diversity Policy Session 1 share, brings new ideas in, promotes modernization. 2 You all know what it does, and you've done it. 3 I guess my job is to say that whatever 4 role I can play as a legislator, I'm going to push 5 because I'm a Black man first, and I live on the South 6 Side of Chicago, and I care about working-class White 7 people, Black people and Latinos. That is my focus. 8 How do we get those communities to be improved 9 throughout the state, throughout the country? And I'm
 - Your industry is critical. We passed the CEJA Bill. Clean energy economy is coming. all will shepherd that clean energy economy where we're going to be beneficiaries. My only charge is that you've done some good things, and I appreciate what you've done, but I always seek to open up new doors because the cement doors are ever present for Black people, poor White people, and Latinos -- ever present.

How do we continue to chip away at those? Find places where you constantly see the same White contractor, and how can you bring in some diversity? Continue to be that push.

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1 And we also want to -- my last thing is that DEI cannot be a person, but it must be a purpose. 3 DEI cannot be a person. If you hire a pretty Black 4 woman; that is not DEI. Now if you hire a team of 5 pretty Black women and you give them a charge, that is 6 DEI -- so not person but purpose. You go out and find 7 them. And don't be afraid to find a Black contractor or Latino contractor or poor White contractor who doesn't do exactly what you do. Bring them in, give them a partner, open them up.

And I've seen so many folks who may have -- they can -- if they can hang shingles, they can hang what? Solar panels; right? If they can build a building, they can build wind turbines. Again, have that opportunity because you all have the muscle to power your industries to take somebody from \$2 million growth to \$200 million. And you can do it. And I want you to continue to do it because that is the key of the community.

We want to be safer downtown. So your mission is to make your DEI the problem solving of The mayor, she ain't got the answer. Chicago. The

alderman ain't got the answer. We want Chicago to be safer. So think about my community, think about Chicago State, think about Truman College, think about Morton College, you know, think about these places when you're looking for people.

And get those Black folks, those poor White folks, and those Latinos, and give your companies so we can continue to do what you're doing. But thank you for what you've done. And I'll be pushing and prodding for you to do more. And thank you so much for your leadership, our chairwoman here. We know where her heart is, but you all have the key. Do what you can. Do what you should. Thank you so much.

MS. ROBINSON: Thank you, Leader Evans. And now we will have Gil Quiniones from ComEd.

MR. QUINIONES: Thank you very much. Chair
Zalewski, Commissioner Carrigan, Commissioner McCabe,
Commissioner Kimbrel, Director Robinson, ICC staff,
thank you very much, and good afternoon. I'm grateful
for the opportunity to report ComEd sustained efforts
to partner with more diverse suppliers to help us meet
the changing energy needs of residential and commercial

customers in Northern Illinois, many of whom are seeking more clean energy options.

Act not only put us in a better position than ever to meet this demand and accelerate the growth of renewables, it also creates additional opportunities for diverse suppliers who play critical roles on the ComEd power grid. Since 2012, ComEd has spent more than \$6.4 billion on diversity certified suppliers.

Last year, we added 153 new diversity certified partners, bringing the total to 662.

In 2012, our diverse spend of \$253
million was 23 percent of our total spend. In 2021,
our total diverse spend of \$893 million was 42 percent
of our total spend. More importantly, in 2021 ComEd
spent \$641 million with Illinois-based diversity
certified suppliers. This represented more than 71
percent of total spend with diverse suppliers, and this
is \$30 million or 5 percent increase in spend with
Illinois-based diversity supply -- certified suppliers
compared to 2020.

My colleagues Gayle Littleton, our EVP

and general counsel of Exelon; Glenn Rippie, SVP of and general counsel of ComEd; and Ryan Brown, our vice president of treasury at Exelon will cover our activities with professional services.

In our 2021 Supplier Diversity Report, we profiled Sheryl Walker-Miller, an energy efficiency specialist with more than 30 years of experience who recently opened a Chicago office. She is supporting our efforts to engage both suppliers and customers and reach out to the most economically distressed communities to help residents take advantage of new energy efficiency solutions supported by CEJA. And we're working hard to create opportunities for diverse suppliers in this growing sector.

In July, ComEd celebrated the third graduating class of its Energy Efficiency Service

Provider Incubator Program, which offers minority women and veteran contractors with education and training on our energy efficiency portfolio. The 2022 graduates represent 33 diverse contractor business in lighting, heating, and cooling and engineering. They now have the ability to participate in the competitive energy

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1 efficiency space and offer money-saving incentives to Northern Illinois customers.

In January we will file our first Multi-year Integrated Distribution Grid Plan pursuant to CEJA. As you know, we spent the first half of this year getting feedback via ICC-lead workshops from customers and stakeholders on the key outcomes they want ComEd to focus on. What we heard was clear.

They want a plan that will lay out a vision for a grid that is more resilient to climate threats, more cyber secure, more capable of integrating and enabling new technologies such as electric vehicles and renewable energy, and they want a plan that supports Illinois's decarbonization goals and prepares a diverse workforce for the job of the future.

Our mandate is straightforward: Implement the investments and programs that have the greatest potential to effectively and efficiently achieve CEJA's goals, and build equity for all in the In support of these priorities, we're process. currently conducting research that will inform our equity building initiatives in our grid plan.

1 One study is exploring the barriers, 2 the disadvantage that the environmental justice 3 communities face in accessing clean energy services and 4 solutions. Another study is focused on assessing the 5 clean energy transitions impact on the Illinois 6 workforce and the potential for new jobs in 7 disadvantaged communities. 8 We're confident this research will 9 prove valuable as we explore new approaches to reaching 10 into disadvantaged communities to help ensure they 11 participate in and benefit from the clean energy 12 transition for our company focus on continuous 13 improvement -- and we are -- continuous learning is 14 critical. 15 Creating opportunities for capable, diverse-owned firms remains one of our highest 16 17 priorities and one of the great -- our greatest 18 opportunities to help build equity in Northern 19 Illinois. 20 Thank you very much, and I look forward 21 to your questions. 22 Thank you. Next we will have MS. ROBINSON:

1 Leonard Singh from Ameren Illinois.

2 MR. SINGH: Good afternoon. Good afternoon, 3 Chairwoman Zalewski, Commissioners, ICC staff, 4 Representative Delgado, Leader Evans, and esteemed 5 colleagues in the room. First of all, thank you for 6 your opportunity to be here today. And I'll start by 7 saying that DE&I is an integral part of our culture at 8 Ameren. It's a core value alongside the likes of safety, integrity, and our commitment to excellence. 10 We believe that creating a culture where diverse-owned 11 businesses can grow and develop is a socioeconomic 12 imperative and all right -- just the right thing to do. 13 Next slide, please. 14 Our commitment to -- demonstrated in 15 our year-over-year performance, just to highlight a 16 few, we've increased our spend by 26 percent over 2019 to 2021. 34 percent of all spending is with 17 18 diverse-owned businesses. But in terms of -- the real 19 benefits here is how do we measure impact? Our 20 \$457 million spend in 2021 can be translated to --21 close to 4800 jobs in the state with an economic impact

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of roughly \$800 million. Next slide, please.

This slide or -- which is a heat map, really shows where the spending is happening within the state of Illinois. Of the dollars spent with minority and women and veteran-owned business enterprises, a \$186 million was with companies located in Illinois. This is an increase of 49 new vendor relationships in Ameren Illinois. Next slide, please.

I just want to give you two quick examples of how we're continuing to make improvements in this area. The first case is an excavation company that started as a Tier 2 doing roughly about \$1.2 million a year in 2018, and today they are a preferred contractor doing roughly \$8 million of work in Ameren Illinois. The second is with Ameren Illinois sourcing PPE from a local manufacturer in Bloomington. We helped to revive this company and also helped to create new jobs within the State of Illinois. Next slide, please.

You know, Leader Evans mentioned making sure that there's an equitable transition in the clean energy future. I think one way Ameren Illinois is doing that is through the energy efficient -- energy

efficiency programs. So far over the last four years, we spent roughly 20 -- \$45 million on diverse spend in the areas of energy efficiency. And our strategy really includes being intentional about expanding contracts with existing diverse suppliers and identifying opportunities for new diverse-owned businesses.

These community-based partnerships
have -- with 30 local and diverse energy
contractors have led to an increased revenue of more
than 1 million during the last four years of the
portfolio plan. I think this is a good example of how
our supply diversity focus is impacting our customers
and certainly the customers -- communities we serve.
Next slide, please.

So to ensure that we make sure there's continuous improvement in growth in this area, we have developed a structure to support our strategy. A key component of our strategy in Ameren Illinois supplier is what we call the Supplier Diversity Steering Committee.

This includes members of leadership in

Ameren Illinois, our supplier diversity, and sourcing teams all working together to ensure that we're creating the opportunity for diverse suppliers. The structure demonstrates collaboration across the business towards a common goal, which is contributing to the success I've mentioned earlier today and will continue success in the future. Next slide, please.

While we have made progress in terms of our diversity spending, there's still more work to be done. And this really isn't about awards, but I can't help but recognize the team for their efforts. I just want to highlight one particular award that the company's received. Ameren is ranked as a top five utility by DiversityInc for the fifth consecutive year, a third time as being ranked the top utility, which is a recognition we should all be proud of. Next slide.

So certainly I want to thank you all for our partnership and support as we continue to foster a more diverse and inclusive environment for our customers and certainly those communities we serve in Illinois. Thank you.

MS. ROBINSON: Thank you. And our final

presenter, David Carter, Aqua Illinois.

MR. CARTER: Thank you, Chair Zalewski, ICC
Commissioners and ICC staff, representative Delgado,
Leader Evans, and special thanks to Jeanine Robinson
for all of her help in getting me prepared here today.
Good afternoon. I'm David Carter, as she said,
president of Aqua Illinois. I'm very honored and
pleased to be able to be here this afternoon to speak
to the Commission for the first time at this policy
session. I'm joined here today virtually by Susan
Haindl, senior vice president and chief administrative
officer for Essential Utilities, the parent company of
Aqua.

In my brief two and a half months with Aqua, I've become familiarized with the company's commitment to diversity and inclusion in its workforce as well as to our supplier diversity program. We're committed to partnering with diverse suppliers and continue to identify new diverse suppliers to add to our list of qualified vendors. Next slide.

I'll provide a brief overview today of Aqua Illinois and our supplier diversity program

results. Just a few words about Aqua. We continue to close in on about a 100,000 connections here in the State of Illinois. We serve a population estimated at approximately 273,000 people. We operate 30 water systems in 17 wastewater systems and provide our services to 70 communities and 13 counties in Illinois. And we do this with an employee base of a 142 employees in Illinois, including those that are located at our national call center in Kankakee. Next.

In 2021 we grew our diverse spend by 3 and a half percentage points to 19.1 percent from 15.5 percent of our total 2021 spend. We increased our reportable spend by approximately \$563,000 to 10.4 million, and we increased our women-owned business enterprise spend by almost \$400,000. We also held a Supplier Diversity Workshop in 2021 to assist in the identification and utilization of additional diverse suppliers. We used 25 new diverse suppliers in 2021 for a total of 123 diverse supplier firms that we did business with.

With regard to our procurement process, we have leadership commitment and accountability from

1 our CEO to enhance our supplier diversity program.

Translated to our Illinois operations, we have regular meetings between our corporate supplier diversity team and all Illinois staff with spending authority. Our corporate office has provided a set of advanced tools to allow us to track and monitor realtime performance, and our Illinois staff meets regularly to review our monthly progress and create and discuss plans to continue to build upon our progress.

We do conduct regular reviews of all of our vendor relationships, reviewing a 12-month rolling spend for all of our vendors that exceed a threshold of \$50,000 to identify opportunities to solicit bids from diverse vendors as those services are renewed.

This slide provides a breakdown of our diverse spend by enterprise type. The first pie chart shows a breakdown of all of our diverse and small business spend originating from Illinois, but it includes out-of-state spending as well. The spend totals about \$10.4 million.

The second pie chart illustrates our diverse spend exclusively within Illinois totaling

about \$7.9 million. Including small business enterprises, approximately 76 percent of our spend stays within the state of Illinois. If we exclude small businesses, approximately 83 percent of our diverse spend stays within the state.

Some of our goals for 2022: Continue to increase diverse spend across professional services and technical services categories; continue to utilize and refine our supplier diversity workflows and dashboard for real-time capturing and reporting of our diverse spend. We use this regularly, you know, internally for our meetings with our team members. While we continue to pursue expansion of our diverse spend overall, we are focused on increasing MBE spend, in particular. Construction is by far and away our largest spend category, and we're working actively to identify more firms within this space.

With regard to enhancing our diversity culture, we communicate regularly with our staff regarding the benefits of the program and benefits to Aqua and the benefits to the community at large. And we continue to assist vendors through the supplier

diversity certification process. We're on track to
continue to grow our diverse spend this year.

Some of our challenges and opportunities. We view this as a process, a continuous process where we are able to continue to build out a portfolio of diverse suppliers and solicit bids from them as needed. We maintain a strong list of diverse suppliers and -- that we can draw upon for whatever circumstance we're encountering and whatever our needs might be.

From a pricing perspective, we had had some challenges with overpriced diverse suppliers, particularly with regard to engineering services, and we're working very actively to provide more information to them and to help them through the process to submit more competitive bids and proposals.

And that's really it, Jeanine. Thanks.

MS. ROBINSON: Thank you. And now we will open it up for questions or comments from the commissioners.

COMMISSIONER KIMBREL: I can ask a question.

I kind of asked this already of Mr. Hinton and

Mr. Dallas. But for Mr. Quiniones and Singh and

Carter, we've always -- this is for all the utilities here. We'd obviously like to see your Illinois diverse spend continue to increase as a percentage of your total spend, but if you could touch upon your efforts and challenges here and how you can increase this percentage, we'd appreciate hearing that.

MR. SINGH: Thank you for the question. I think really what we're focusing on is doing some analytics around the categories of spend and where we're lacking and try to find out what we can really do to kind of move the ball forward, whether it's mentorship, providing access, and certainly helping, as some of my colleagues talked about, you know, programatically developing those vendors to start small and then move their way and increase that spend over time.

MR. QUINIONES: And up at ComEd, I'm pleased to report that we have 71 percent of our spend in Illinois-based companies, which is a growth of 5 percent. So our goal is to continue that trend to increase our spend overall but also to increase the spend in our state, continue that progress. We are pleased that we have been successful so far.

MS. ROBINSON: This question is for ComEd and Peoples Gas. With your mentorship programs -- your mentorship and other programs that you have in place, how do you determine which companies will participate?

MR. QUINIONES: Yeah. I'll begin. At ComEd, we have a very robust mentorship program where we select a subset of our diverse suppliers and train them how to do business with us. We do a request for information so we have set of qualifications to select that subset of diverse suppliers. They then go through our training program to do two things, really, to increase the capacity of work that they can do with us but also to make sure that they know the processes, the focus on safety, how to execute work that are important to ComEd as we go forward.

MR. HINTON: Yeah. Then, at Peoples Gas and North Shore Gas, it's a combination of working with diverse firms that are already affiliated and in our system as well as partnering with external groups such as Chicago Five Ford and looking at new opportunities for vendors and where it makes sense to have them partner with some of our prime suppliers.

1 Can I ask you a quick question? CHAIR ZALEWSKI: 2 This might be more towards Justin because it's about 3 IUBDC and the database, just a report on how the 4 database is coming along and how effective it's been. 5 We -- I remember hearing about it when it was going to 6 be kicked off a couple of years ago, if I have my 7 timing correct. So I'd love to hear the good, the bad, 8 and the ugly about the database. 9 You're referring to kind of the MR. LADNER: 10 Supplier Registration Mapping Tool, Chair, I think. 11 CHAIR ZALEWSKI: I'm not sure what it's titled, 12 but it's the database that's shared by the 13 organization. 14 MR. LADNER: Yeah. 15 CHAIR ZALEWSKI: Right? It was created by and it 16 was born out of the organization. 17 MR. LADNER: Yeah, that's -- we're talking about 18 the same thing. And it's funny you mentioned that 19 because that was the subject of some of the discussion 20 at our board meeting that we had before this. 21 And you're right. The good, bad, the 22 ugly, we had a real candid conversation with our

committees around has that tool outlived its usefulness and has it not kept up with the evolution of the IUBDC and by virtue of that, the evolution of the IUBDC, all of our companies, and does that tool need to be reconfigured to meet the needs that I think a lot of us have conveyed here today?

So we are taking a prioritized look at what that tool does, and we're taking a lot of the feedback from each of our companies in terms of what do we need to go to this second phase, if you will, of growth. And one of the things that came up was opportunities for Tier 2s to really go somewhere to find Tier -- sorry, Tier 1s to go find Tier 2s because we've talked about our contract requirements.

So there's a lot of opportunity to improve that tool and then the administration of it.

And I would say that that's if not the one of the top priorities for the IUBDC toward the end of this year and going into '23.

CHAIR ZALEWSKI: Thank you. And I'm not suggesting there's -- there doesn't have to be more questions, but I just want to take a quick opportunity

to thank the presidents and CEOs for being here in person. It's really important to the Commission. It elevates the conversation. So thank you for taking the time out to do that. Thank you to Aqua for being here voluntarily. I think that speaks a lot to the company as well -- the voluntarily commitment of reporting to us.

So I just want to just before we get to -- we break away -- and I also wanted to know -- I know we have a second panel, and I know everyone is very busy, so if -- you know, who can stay and who can't. So I wanted to make sure I said that in person. So thank you for being here.

MS. ROBINSON: Some -- I have a question for ComEd, and I can't remember who else Commissioner Carrigan asked. It might have been Justin who may have answered already, but can either Gil or someone give us more detail in regards to your cybersecurity concerns and what steps you're taking to address those?

MR. QUINIONES: Yeah. Third-party risk is a -cyber risk is something that we take very, very
seriously. As you know, as utilities, we have federal

requirements which really provides as a floor in terms of cybersecurity. So on the one hand, we really are focused on protecting our systems, protecting information of our customers. But at the same time, we want to balance it so that it's not a barrier for diverse suppliers to do business with us as we impose some of those requirements.

So it's a balancing act. It requires close collaboration. It requires really hand-in-hand working with our diverse suppliers to make sure that they can continue to do the robust business that they've been doing with us at ComEd while at the same time we are addressing cybersecurity requirements.

MS. ROBINSON: Thank you. I know that there are various challenges in regards to certain businesses or certain diverse businesses becoming -- having the ability to obtain a contract. What are some of the characteristics of some of your more successful businesses that you've partnered with? Anybody can answer that.

MR. QUINIONES: I can start. Those that can align with the work plan that we're putting together on

a year-by-year basis and, you know, features or attributes such as safety or the execution of work, those are the ones that really we see flourish in our system. We do a lot of mentoring, as I've mentioned before, so that's one. Two, we're asking our Tier 1 suppliers to mentor the smaller and medium size diverse suppliers so that they can do more business not only directly with us but with our Tier 1 suppliers as subcontractors.

And now we're looking at certain issues such as insurance, and can we simplify insurance structures and bonding structures so that, again, they can increase their capacity to do more work with us?

Owner, for example -- one example of that is owner-controlled insurance program. So we're looking at some wrap-around services to enable more contractors to take on more work with ComEd.

MR. DALLAS: I can also add to that. And, you know, you really hit on some -- the major points there. And I'll tell you, for us, one of the things when it comes to working with local partners -- for instance, we're looking for opportunities to work with First

- Women's Bank. So that's going to be -- that's headquartered here in Illinois. You know, they're looking at supporting entrepreneurs, innovators, and obviously moms, daughters. Great, great initiative. Great purpose.
 - And we work closely with a lot of our executives as well. We want to partner with suppliers or contractors, vendors that really want to understand they've got barriers to entering this space. We know it's very complicated. So when you're looking at shortening their net payment terms, looking at their insurance requirements, assisting them with capital, it's all the barriers we're hearing, the challenges they're facing, and figuring out ways to help them figure that out.

And so -- and then, can we do things, make adjustments in our requirements so that they have that opportunity, working with the Tier 1 companies making sure they understand and they're doing the same thing, holding them accountable. But we're also saying -- we're not just saying, "Go do it. We want you to work with us because of what you learned." We

- 1 | learn as well.
- You know, many of our supporters are --
- our vendors here, they're here today with us, watching,
- 4 listening. We're much stronger now as a result of
- 5 | hearing their voice. But those barriers are the
- 6 biggest challenges. We have to listen and figure it
- out. It's not easy. There's no easy pass. Again, the
- 8 | numbers will continue to fluctuate. But as they
- 9 fluctuate, our purpose, our intent must remain. We
- 10 must still to make -- continue to make investments
- 11 because those investments will pay returns in the
- 12 | future.
- MS. ROBINSON: Thank you.
- 14 MR. LADNER: If I --
- MS. ROBINSON: Oh, sorry.
- MR. LADNER: If I could just add? And I'll be
- 17 brief because the gentleman before me, he really hit a
- 18 lot of the key characteristics. It's hard work growing
- 19 this area. For us to do that, it's got to be a
- 20 | partnership. And we found some local vendors --
- 21 | Stephen Brock, Supplied Industrial Solutions, as an
- 22 example, that started out as a pipe supply partner with

us. Through active listening, learning about business, us learning his capabilities and where he wants to go, alignment on values, and true constructive partnership, he's now getting into general contracting.

And we're doing that in a responsible dosage manner where he partners with a mentor who's got experience to then grow his business and go from just being a supplier to also a supplier and general contractor. And we've got an even stronger partner to help us as we grow our business in water and wastewater. To do that, though, it's got to be a foundation of just trust and willingness to do some hard work.

MS. ROBINSON: Thank you. And now, if we don't have any more comments or questions at this point, we are on schedule to take a break. We will return in approximately ten minutes for the second portion of our policy session. Thank you.

MR. QUINIONES: Thank you.

MR. DALLAS: Thank you.

MS. ROBINSON: Welcome back to ICC's annual Supplier Diversity Policy Session. We have completed

1 our first half which was very enlightening. Now we 2 will begin the second portion of the session, 3 Professional Services Diversity Expansion. 4 We speak a lot about supplier 5 diversity. However, suppliers diversity, which are the 6 contractors, these are -- but there are other areas for 7 diversity, which is professional services. 8 Professional services areas are acknowledged-based 9 organizations that provide highly specialized services across many industries. 10 11 These businesses generally require 12 professional licensure and/or degrees in the art and 13 sciences. Some of the professional services categories 14 are legal services, financial services, human 15 resources, IT engineering and technical services, 16 communications, marketing, management, consulting. 17 With that being said, we have invited 18 some of the executives from the utility companies and 19 parent companies to discuss challenges, concerns, 20 strategies to increase diversity within the 21 professional services realm. In effort to stay in the

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allotted time, we're going to time our answers.

1 have people in person, and we have some online. So if 2 you guys can take a second and just introduce 3 yourselves so that we all know who's here, and we'll 4 start with the people who are present in front of us --5 your name and your company and your role. Thank you. 6 MR. RIPPIE: Good afternoon, Chair, 7 Commissioners. I'm Glenn Rippie. I am a senior vice 8 president and general counsel of ComEd. 9 Good afternoon. I'm Gayle MS. LITTLETON: 10 Littleton. I'm the executive vice president and 11 general counsel of Exelon. 12 MR. BROWN: Hi, everybody. I'm Ryan Brown. I'm 13 the corporate treasurer of Exelon. 14 MS. MULROY: Good afternoon. I'm Molly Mulroy. 15 I'm chief administrative officer for WEC Energy Group. 16 MS. REESE: Good afternoon. Thank you for having 17 I'm Beth Reese, and I'm the executive vice 18 president of Shared Services with Southern Company. 19 MR. GALLEGOS: Hi. I'm Jim Gallegos. I'm with 20 American Water. I'm the executive vice president and 21 general counsel, and I'm out of Camden.

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MS. ROBINSON:

And now we'll start with our

1 participants who are online. If you can introduce 2 yourselves. 3 Hi. Good afternoon. My name is Sue MS. HAINDL: 4 Haindl. I'm the chief administrative officer of 5 Essential Utilities and also affiliated with Aqua and 6 Peoples Gas. Thank you. 7 MR. LEE: Good afternoon. I'm Steve Lee, vice 8 president and deputy general counsel here at Ameren 9 Corporation. 10 MR. SAGEL: I'm Darryl Sagel, vice president and 11 treasurer at Ameren Corp. 12 MS. ROBINSON: Thank you for your introductions. 13 And now we will have a discussion. It's going to be 14 more of a question and answer, not specific, and we'll 15 just go forward. If any of the commissioners would 16 like to start with the questions? 17 COMMISSIONER MCCABE: Can you speak to the 18 relationship between the Illinois-based companies and 19 the corporate parent and that kind of dynamics there 20 when you approach professional services? 21 Sure. I can start. With regard

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to that, the corporate level, we oversee what's being

MR. GALLEGOS:

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done in the states. The states have a lot of latitude with regard to what they're doing. Again, corporately, for example, in this area in the lot -- the legal department, what we'll do is we'll be looking at are we always going to the same providers, are we really questioning ourselves?

So for example, with employment, we will not go forward with an interview unless we have a diverse panel. What we try to do is with legal matters, we try to make sure that we're asking those same questions. So for example, if there's a new matter that comes in, we look at what would we -- who would we staff up with, what type of firms? And we are always questioning ourselves with regard to is there someone diverse out there?

If there's a specialty and there's not, we'll go to bar associations to ask those questions.

But again, we'll create processes. At the corporate level, we'll offer them to the states, but the states really have a lot of the say in whether or not they follow them or not.

MS. REESE: Let's say our answer is a little bit

more complicated. At Southern Company, we basically have two levels of parents for Southern Company Gas.

We have a parent level for Southern Company, and then there's a parent level at Southern Company Gas that oversees the gas company at Nicor Gas.

But generally, we're all focused on -Wendell referred to it as our move to equity focus,
which includes DE&I for suppliers as well as our
employees and really our communities to make sure that
we're living by our value of making sure that we
reflect the communities that we serve. So we put
targets that are at both levels, parent levels, and we
work with our -- with Nicor Gas, in this case, our
subsidiaries, to determine what makes sense for them
and the environment that they're working in.

And so we do try. You know, we are working with professional services at both parent levels, if you will, and at the state level, and we are making sure that we're listening to what's going on in our states to make sure our parent is reflecting that as well as that we are providing the services down from the parent.

So for example, in our financing world, we're -- we have been very deliberate and intentional over the past several years of engaging with Illinois firms to help us in financing even if they're not helping with Nicor Gas financings. So they're helping with Southern Company financings to be able to make sure that we're creating opportunities for Illinois-based diverse firms if they don't have the opportunity to do that directly for Nicor Gas.

COMMISSIONER KIMBREL: Can I just ask of -
MS. ROBINSON: Sure. Oh, I'm sorry. I

thought -- Molly, you were going to answer. No, if

you're still answering Commissioner McCabe's question.

Molly?

MS. MULROY: So at the -- sorry. Sorry for the confusion. So at the WEC Energy Group, so supplier diversity and supply chain are, you know, serving all of our utilities. But when it comes to, you know, our individual utilities like Peoples Gas, you know, we are looking and working with diverse firm specifically, you know, by and in each state. We've set goals and targets within each of the states. And so our intent

is really to have focus working with local partners to help fulfill some of those opportunities, you know, whether that be on contracts, whether that be on mentorship and development.

You know, certainly across all of those from a -- you know, from a human resources perspective, certainly, you know, DE&I is a focus of the company as we look at, you know, opportunities for employment, as we look at opportunities for higher -- you know, again, with the goal to reflect the communities that we serve.

MR. BROWN: Maybe I'll speak specifically to my role within Exelon. So I'm -- again, I'm the corporate treasurer, so I lead -- I oversee the bank relationships that we have. And we have a centralized treasury organization within Exelon. It serves all of our operating companies.

But we're partnering with each of our operating -- six operating companies, including ComEd to support, you know, their inclusion of diverse firms, diverse banks on all of their activities. We've had -- from a financing perspective, we've included diverse firms on all of our financing since 2007 and the

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1 | majority of our financing since 2003.

Our centralized treasury organization is facilitating the process of the relationships with the diverse banking partners. But then, we're -- again, we're partnering with each of the operating companies to incorporate them into their, you know, larger DE&I goals but then also to support their initiatives going forward.

MS. LITTLETON: Yeah. And I'll speak to the Exelon Legal Department. So the way that we are structured, our legal department includes both the general -- all the general counsels for each of the utilities, including ComEd, and then also the Shared Services Corporate Organization.

So to your direct question in terms of how we think about legal spend, you know, diversity equity inclusion is a huge focus for us. It has been for many years, not just since May of 2020. We focus a significant amount of our time and effort on trying to identify a diverse spend to identify minority— and women—owned law firms for us to work with.

We work to infiltrate the entire

culture with that type of value, and we look at how we're spending each of our dollars every year on those corporate matters. But -- and we -- I'll let Glenn speak to how it works for ComEd, but we focus on exactly how we're spending those dollars. And we expect out of each of the utilities, since they report in through legal, to also have that very same focus.

And as you will hear, I think, from ComEd today and from Exelon, that's a real focus for both of us. So we instill that value at the corporate level. It infiltrates down into the utilities, and then we work to gauge our metrics on that and to improve it each year.

MR. RIPPIE: And just to add for ComEd the operating company, it -- and without repeating anything that Gayle said, we are -- it manifests itself in a triple focus. We focus on identifying, working with, and growing our relationships with MV and WBE firms.

We focus on -- intensely on contracting and developing diverse attorneys even in the large sometimes national or international majority on firms with which we work.

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And because a lot of the work that

1 comes out of the operating company, ComEd is highly 2 technical and has a long experience journey. We focus on development. We look at how people progress during 3 their career at all their law firms, be they 4 5 minority-owned or majority-owned so that diverse 6 lawyers can advance. 7 MS. ROBINSON: Thank you. 8 COMMISSIONER KIMBREL: Were there folks online 9 that wanted to --10 MS. ROBINSON: Oh, sorry. 11 COMMISSIONER KIMBREL: -- answer the question? 12 MS. HAINDL: Yeah. Hi, this is Sue Haindl from 13 Essential. So the categories that were mentioned 14 earlier, like engineering, that is done at the local 15 level. So we have ten states, and the engineering 16 decisions are done at the state level. Whereas in 17 legal, we would partner with our states. 18 And each one of these functional 19 categories that you named, all are tied to a functional 20 Again, engineering is within our state's jurisdiction and control. But with finance, legal, HR, 21

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IT, comms, there's a hybrid of corporate and state

operating level. But again, it is a partnership because we are very invested to grow this, our supplier diversity.

MS. ROBINSON: Thank you, Susan. Steve?

MR. LEE: Yeah. Thanks. And for Ameren, from a legal perspective, I'll just echo what a lot of my colleagues in the room have probably already said. We manage this from a centralized area, but we have two main operating companies in Missouri and Illinois, and we look for law firms -- we look to partner with law firms in the communities that we operate in, and we look to grow our diverse spend in those communities.

So we have identified a panel of firms in each of the jurisdictions that we operate in and including, you know, Illinois, including Chicago, but we don't have any exclusivity with how we use those firms.

So for example, we have a set of panel firms minority, you know, diverse-owned firms that are based in Chicago. And yes, they do a fair bit of work in Illinois, but we don't restrict our engagement with those firms in Illinois. In fact, we have some of

those Chicago-based firms doing work in Missouri and vice versa. All things, you know, being said, we're just interested in growing our whole diverse spend pie across kind of all the channels that we operate in. So we don't manage it in any kind of particular, you know, jurisdictional way.

But some of the things that we do across our panels are we look for opportunities to develop capability with those firms. We look to identify diverse-owned firms. We look to identify firms that have capabilities that are close to what we're looking at. And kind of to further what Leader Evans said in the prior session, we're not just looking for firms that have the exact capability that we need, but we're looking at firms that have the ability to grow into kind of our needs and to look to develop their capabilities in that space to be able to grow our overall diverse spend.

And then the other thing that we do is with all of our firms, including our majority-own firms, we look to manage diverse timekeeper contributions both in terms of hours and dollars spent.

And so we performance manage all of our firms in terms of the lawyers that they bring to our matters in terms of growing, you know, all of the -- growing diverse participation at all different levels associated up through partner.

MS. ROBINSON: Thank you, Steve. Commissioner Kimbrel.

COMMISSIONER KIMBREL: Yeah. I'm sorry. I got a little too excited. Based on the amount allocated from the parent company for professional services, is there a percentage or a target goal for diverse spend?

MS. REESE: We have an overall target for the entire company of 30 percent. So Nicor Gas is significantly exceeding that in what you saw presented today, but there are definitely opportunities for us to continue to grow that in the professional services area, but we do have it, an overall target.

MS. LITTLETON: Yeah. I'm going to speak again from a legal department perspective. We have a goal to grow our spend generally. So let me talk a little bit about -- we have sort of three categories that I can talk to you about in terms of our metrics. But, you

know, we look -- we spent a considerable amount of money with majority-owned firms for the matters that we have on the corporate level. They're very large matters. They're very complex matters. And with those majority-owned firms, though, we are relentlessly focused on building our diverse spend with them.

So we do that in a few ways. We meet with them every year to discuss what they're doing on the diversity side of the house for their law firm.

What we're doing on our own matters, getting all of the metrics from them in terms of how -- what diverse attorneys are working on matters, explaining our own expectations about that. We require them to provide those metrics to us so that we can gauge where we are with them on each of our matters.

And then, we also have something called the Exelon Diversity Honor Roll for those large spend law firms that are majority firms which basically says that if they are -- as long as our matters have at least 15 percent lawyers of color, 35 percent women, then they can make our honor roll. With that comes publicity from us.

Now, those numbers, we are hoping to continue to move those up in terms of being on the honor roll. But when you -- we look at our diverse spend on those majority firms, which would be those firms, probably 12 firms that we spend the most money with, we have a -- 46 percent of that spend is on diverse attorneys. So again, I think we're proud of where we are with that and where those dollars are being spent.

We are also very much focused on building the bench of our minority- and women-owned law firms. So we've got an additional \$2.4 million spent with those firms. And we're continuing to work to build the number of firms that we're working with and also to build the amount of work that we're able to give to those firms. So that's how we're approaching that.

MS. ROBINSON: Thank you. Steve?

MR. LEE: Yeah. Thank you, Chair.

MS. ROBINSON: Susan.

MR. LEE: Oh, we -- at Ameren, we have kind of goals on two levels. One is we want to increase the

spend with diverse-owned companies, certified diverse-owned firms. And that goal last year was 15 percent of our total annual legal spend. This is in the -- all in the legal area, and last year we exceeded that. We're at 17 percent, and this year we're tracking actually 24 percent. So we're probably going to be looking to, you know, raise that level, but that's one level.

And then, the other is we are looking to expand, as I mentioned before, challenge all of our firms to increase timekeeper diversity across all levels. And we measure timekeeper statistics. We ask all firms to submit timekeeper kind of characteristics in terms of gender, ethnicity, LGBTQ, disability, and veteran statuses. I will say not all firms participate in that. We ask them to submit that data, and sometimes they decline. But to the extent that they submit that data, we take that data in and we manage it, measure it every year, and we provide feedback that's catered to each firm.

And so we don't have a general kind of goal, but it really runs the gamut between -- you know,

1 some majority firms have very low percentages in that 2 area, and we challenge them year on year to improve. 3 And obviously, with -- some of our particular 4 diverse-owned firms have higher levels, but we 5 challenge them to increase their levels year on year as 6 well. 7 MS. HAINDL: So for --8 MS. ROBINSON: Yeah. Yeah. 9 MS. HAINDL: Thank you. So for Essential, we 10 established in 2021 a multi-year goal to have 11 15 percent certified diverse spend by 2024. And, you 12 know, we're well on our way to achieve that. 13 at 8.3 on -- in 2020, 10.9 last year, and our goal was 14 12 percent. We're -- you know, we're on track to 15 exceed that. 16 So what we did, though, in order to 17 look at that a little bit more closely across our 18 organization, we established goals at the state level 19 and the functional level or what I call functional. 20 It's professional or, you know, non-state level, what 21 we identified as such.

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So what we did was we took every

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1 supplier that we have in our organization and classified them so we could get that data daily so Dave 3 and his team can look at Illinois and get very good 4 clarity on what the statistics are for Illinois, for 5 instance, but that also applies to all of our other functional areas from, you know, legal to 6 7 communications, HR, IT, et cetera.

And it really helps our leaders to be focused on this and helps them to come up with -- when they work with myself and our other team members to focus on the strategy of how we can grow and develop So it's helped our organization a lot to move forward.

Jeanine, I have a question if --CHAIR ZALEWSKI: is there someone else who wanted to speak at this point? I don't want to cut anybody off.

MS. ROBINSON: Ryan, do you have a response? Yeah. I think Gayle's remarks MR. BROWN: overall for Exelon, you know, covered the way we approach it. But I'd say specific to the way we engage our banking partners, I'd say, we don't have -- it

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varies year over year based on the activities that we

have with the bank support. So from a dollar perspective, we don't necessarily have a target. But to Gayle's point, say, similar, we're always pushing ourselves to look at new ways to expand the programs and creative ways to do it.

So maybe to -- I'll just say the bread and butter of what we do and we've been doing, again, since 2001 is including diverse firms on our financing deals. So we've had over -- you know, I think it's approximately 17 million in fees that have been paid to diverse firms since 2001 supporting almost 50 billion in capital raise.

They typically serve as co-managers on our deals. And what they do there is they underwrite a portion of the deal. They support the deal by marketing and selling to investor pockets that are typically accessed by the -- some of the larger banks that we deal with. And they bring just a unique perspective of diverse, you know, thought process both inside a deal and outside of a deal. We're in constant communication through the year. That's our bread and butter. We continue to do that consistently. We've

1 included banks on all of our financings since 2007.

Ways we've moved past that, one thing we're really proud of is our Community Minority

Facility. So we have approximately 20-plus banks across our jurisdictions. It's -- about half of them,

I think, are actually Illinois-based banks where what we have is we have a credit facility or a line of credit with those banks. So it's a benefit tax law in that we get additional source of liquidity.

It's -- and it's a big benefit to those smaller, you know, community and minority-owned banks and that not only do they earn fees based on, you know, their line of credit served to us, they get their reputational benefit of strategic partnership with Exelon. And then we also include deposits and CDs with those banks so that they could take that cash and redeploy it in their local -- you now, each in their local neighborhoods in our communities.

The other one -- I just want to highlight, one other creative way we expanded it is this year in May we launched a Racial Equity Capital Fund, and this is a \$36 million investment by Exelon.

It's funded by Exelon. It created an investment fund that's managed by Rock Creek which is a minority-owned firm. And what they will do with that fund, it's going to be an evergreen fund that will provide loans and equity funding to minority-owned and community small businesses in the jurisdictions we work in.

So, you know, I get -- long story short, it depends year-to-year on how much that relates to a dollar-based spend, but we're always looking for creative ways to expand the cost.

MS. ROBINSON: Thank you.

CHAIR ZALEWSKI: Yeah. Thank you for being here today. I kind of wanted to flip the conversation on its head. I think we have some suppliers listening in. We have some suppliers in the room. And so I want to take it from their perspective.

So let's say that there is a newly minted engineering law or finance minority and women-owned, veteran-owned business. And what are tips that you can provide to them? What is the way to increase the opportunity for them to engage with your entity? What are the best next steps or a variety of

steps they can take to maximize their chances of getting the business?

MS. MULROY: I can speak on that one. So I think first and foremost is obviously, you know, through matchmaking and through, you know, really our community outreach, making sure that we know when folks are developing new businesses. I think, you know, knowing folks is key first and foremost.

I think the other thing is, you know, in that, how do we work together to develop them; right? So if they're brand new, you know, obviously there's, you know, complexities that may come with a process. So how do we as leaders set forth expectations among some of our other suppliers in terms of mentorship?

How do we think about how we structure responses on RFPs to be inclusive of newer firms, and how do we really encourage them as part of our overall business relationship? Because we -- many are recurring, to be very thoughtful about, you know, how they continue to develop diverse businesses, you know, minority-owned businesses throughout the course of, you

know, our relationship and really not just for us but honestly with, you know, several of their other customers as well. Obviously, this is a big focus for many.

MR. GALLEGOS: What we ended up doing was we had a supply chain event, the national supply chain event back in New Jersey, where the suppliers -- diverse suppliers could come together. They could talk to us about what is holding us back, what's holding them back, how can we partner more effectively together.

And we felt it was very effective in the collaboration and trying to meet each other and seeing where those hurdles that you may not see actually exist. In fact, I was talking to one of the suppliers today, and he was talking about how beneficial it was.

MS. REESE: Yeah. I think my colleagues on the panel have answered it in that it's a relationship.

It's understanding how to get into the door, and that is hard to find. And a representative earlier talked about the cement door. So sometimes it's hard to find that door. And we have to continue to do the community events. We've -- we held one in Birmingham recently

for all of Southern Company to invite suppliers in, and that worked and brought many different leaders from across the company in to be able to meet people. And then it's just listening to what problems can they solve and what problems do we need to solve.

I would say the other thing that we've done a really good job of over the past -- feels like ten years -- at Nicor Gas about really focusing on supplier diversity is that we've learned how to do it in the construction area and taking those lessons learned and applying them to other areas. I think with the technology, space is another opportunity to really leverage Tier 2 spend, and I think that's a frontier that we've really got to focus on, and we are, but that's an opportunity for us.

MS. LITTLETON: For Exelon, I think I concur with everything that my fellow panelists have said on that.

But I think from a law firm perspective, especially for minority- and women-owned law firms that may be smaller, you know, one of -- in the advice that you asked, you know, one of the things that it may be helpful for them to consider are organizations.

NAMWOLF, which is the National Association of Minority & Women Owned Law Firms, we are routinely at conferences. We are out there looking to meet those firms and get exposed to them. So those types of organizations can be very helpful for the exposure because we're actively looking at places like that.

There's an organization called the Legal Counsel for Legal Diversity, LCLD, that we're a part of as well. There are programs there like the Pathfinder Program and the Fellows Program for, you know, high potential diverse lawyers that are early in career or mid career. Those are all places that we look to build relationships.

And, you know, of course it will be helpful to meet and get to know people just from networking events and the like, but organizations like that can help those firms not just with Exelon but also with other companies as well that could help them grow and develop the expertise that may help them, you know, not just get matters with us but even get additional matters as they grow in the future from the work that

1 they do for other clients.

I guess the last thing I'll also say on that is that I do think it's also important that from an in-house perspective, we reflect that back. So we are looking to build our diverse lawyers and legal professionals in our own department. We can't go out there and say that we're focused on diversity equity and inclusion unless we're doing it ourselves.

And so I think the more that we are bringing diverse lawyers into our organization, the easier it will be to kind of continue to build -- you know, to build the -- you know, the diverse law firms that help to support us as well. So it's a partnership that we're looking to build there.

MS. ROBINSON: Susan.

MS. HAINDL: Thank you. I think a lot of great things have been said. I mean, it's really just building those relationships and letting us know that they're available in the community. I mean, we have some proactive events that we have in different -- in our states and in different corporate areas. But, you know, if there is a supplier, I mean, we -- I mean,

what Dave has in his report, all those areas, we have needs, and we'd love to hear from any supplier. You know, we'd love to see if we can develop those relationships and, you know, eventually just do business with them.

MS. ROBINSON: Thank you. Sorry. I have a question. When retaining and working with new professional service providers, is there a periodic feedback that facilities contract renewals in the future and best services during the contract period? Did I say that right? Oh, yeah. Is there a periodic feedback that facilitates contract renewals in the future and best services during the contract period?

MS. REESE: I can't say that we have a formal program on that. I -- what I would say is that any or

program on that. I -- what I would say is that any of us who use professional services are constantly giving feedback or not doing a good job managing them. So it's how do we give feedback to grow? I think all of us have opportunities within our companies beyond just the operating company here in this state to give feedback and to give opportunities to the diverse firms. And that just requires us to get feedback on

what are they doing well, what are they not doing well, just like we would any other supplier.

MS. MULROY: I would agree with all of those comments. I think the other key is also to be getting feedback from our suppliers about how it is to work with us. So what are some of the barriers that they may be facing to success? What may be, you know, some of the areas where they feel they need to grow that we can help them? So I think -- you know, in the spirit of overall success, I think that exchange is crucial.

MR. RIPPIE: Let me just add that as those relationships mature and as we get more experience working with vendors, we can support particularly smaller diverse MWEs and WBEs by entering into multitask contracts, entering into annual contracts or multicase contracts in the case of legal work.

We found that to be an increasingly successful tool. In the last year, three of our five multicase contracts are with diverse firms, and we expect that that trend will increase at the ComEd operating level in the future.

If I can just go retrograde to one last

question. For local law firms, I'd also encourage you to get involved in the local energy groups, get involved in Hispanics in Energy, Blacks and Green, Women's Energy Forum. It's a great place to meet what we believe is an increasingly diverse group of lawyers inside at ComEd and build relationships that can lead to two-way benefits and greater work. Thanks.

MS. ROBINSON: Thank you. Steve has his hand up.

MR. LEE: Yeah. Thank you, Director. So we do have an annual feedback program at Ameren where we put through kind of a survey across our legal department to analyze performance of all of our firms, and then we feed that back on an annual basis. And we measure things like responsiveness, service levels, administrative support, all kinds of things. And we do that, like I said, on an annual basis.

So firms will get that, but what I would add for diverse-owned firms is -- and what I told all of our firms that we work with is don't wait for that necessarily. Come back to us and ask us for feedback. Tell us what is going on and ask us, you know, how you're doing so that you can get that

feedback in a more contemporaneous way and so you can improve and address issues.

And maybe it's a bit on -- to the prior question in terms of what suppliers can do, sometimes we won't know the barriers that you may be facing as a supplier. I'll give you one example. We've had suppliers that have had trouble with our e-billing system, for example. And while a lot of large law firms are used to having e-billing programs that have infrastructure to support that, some smaller firms don't.

But what we were seeing was some firms were slow in submitting their invoices. And they were just slow, and we couldn't figure out why. And it turns out they just -- they didn't know how to navigate our e-billing system. They didn't have the experience. And we wouldn't have known that unless we asked.

So it's things like that where we can help you kind of help your own performance if you just ask and stay connected. So the moral here for us is, you know, we do provide the feedback, but you should also ask for that feedback as you go.

MS. ROBINSON: Thank you, Steve. I have another question. In regards to financial institutions, what is the average participation for an MWVBE company in the issuance of bond debt? And also, have you thought about how are you looking to increase the number of allocations to minority, women, veteran financial institutions with leading roles on your issuance of debt on bond financings?

MR. BROWN: Yeah, I can start that. For Exelon, the typical -- I talked about this before, but the typical deal that we have and every deal that we have, we have maybe, let's say, three to four diversity banks on the deal. And again, the role they serve is typically a comanager role, and they are -- underwrite a portion of the deal. They help market the deal, and then they provide insight through the deal.

So it's incredibly beneficial from us to get a diverse perspective on each deal, and it's beneficial for those teams. And also, the fact that we're involved in the selling process and we allocate bonds to their investors helps grow their business.

Beyond that, our banks have served also

- 1 in strategic advisory roles on certain projects.
- 2 | Specifically, you know, Exelon's a story of mergers and
- 3 acquisitions. We've had three big evolutions. Well,
- 4 more that, but recently, three big evolutions in our
- 5 company: the merger with Constellation in 2011, merger
- 6 with PHI in 2015, and then recently the separation.
- We've had diversity firms support in an M&A advisory
- 8 role on each of those. And then lastly, we have in the
- 9 past also included firm's in active roles managing debt
- 10 | financing deals.
- So always an opportunity to, you know,
- 12 be creative in all that space and expand debt
- | 13 | opportunities. We look at the specific capabilities of
- |14| each of the banks that we work with. And to the extent
- 15 they have those capabilities, we look to support them
- 16 in that fashion.
- MR. SAGEL: Maybe I can speak for Ameren if you
- don't mind. And Ryan's comments, you know, I would
- |19| probably largely echo in terms of our approach. If you
- 20 measure, you know, participation for MWVBE firms by
- 21 percentage of underwriting fees paid, Ameren Illinois
- 22 has increased its level of support for diverse firms.

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1 Certainly in recent years, in the period 2014 to 2018, we paid in the range of 2 to 5 percent of our 3 underwriting fees to diverse underwriting firms.

Beginning in 2019, we made a more conscientious effort at Ameren Illinois to increase the fee allocation to diverse firms. Ameren Illinois' 2019 debt financing paid 7.5 percent of aggregate underwriting fees to diverse banks. And each of the financings that we've completed in 2020, 2021, and 2022, year to date, the fee allocation was 8 percent.

You know, we like -- Exelon will typically use three to four diverse underwriters on each of our bond transactions rotating amongst a large group of diversity-owned relationship banks. And over time, we've managed relationships with 15 or 20 of these banks, and they tend to rotate through our deals at Ameren Illinois, Ameren Missouri, and our other subsidiaries.

And certainly, we'd like to continue to find opportunities for these diverse firms to compete for a larger share of the fee pie going forward, you know, or to determine, like Exelon, if there are ways

for them to play and other ancillary business opportunities across the financing strategy spectrum.

MS. REESE: So I'm not the treasurer of Southern Company, but I am here to represent the treasurer of Southern Company. And like Ameren and Exelon, we manage the treasury function at the consolidated central level, at the Southern level.

I have good notes from our treasury folks, but they play a number of roles much like was described by my colleagues at Ameren and Exelon.

They're co-managers on bond issuances. They help us with commercial paper. They help us with tax exempt bonds. They've actually been investing some excess cash for us, and they're active book runners on bond issuances. We have about 14 active MWVBEs in our group right now that we've leveraged at banks, and we paid out in the 2020 and 2021 years about \$2.5 million of fees, and we're set to exceed those in 2022.

Important to note that those aren't all Nicor Gas issuances. Those are Southern Company issuances, and the majority of those MWVBE banks are actually based here in Illinois. So we've been very

proactive. And I believe that the work that this commission and the general assembly have been doing over the past ten years in this space has absolutely influenced how we think about this at the Southern Company level. So thank you for your leadership in this space.

MS. ROBINSON: Thank you. Susan, did you have any -- did you want to add onto that or? Yeah.

MS. HAINDL: Just that in talking -- like
Southern, the treasury functions happen at the
corporate level by our finance department. I know
there's definitely very much interest on success in
doing this, and I know they're going to continue,
although I don't have a lot of numbers to share. I did
talk to our treasury department. They are absolutely
looking and including, you know, diversity when they're
going out for bond issuance.

MS. ROBINSON: Thank you for that response.

Okay. So we'll have, like, one more question. Can you tell us -- or what are -- well, I think you kind of answered it in regards to challenges with finding diverse contractors and professional services

categories with zero to low spend. How is that challenge being approached if you haven't said it already, or can you repeat it?

MR. BROWN: I can say from a finance perspective, banking perspective, I mean, there's really maybe 25, 26 banks in the space that we know very well, and so we have an open door. See, we've rotated many of those banks, if not all of those banks, on deals in the past, and we're in communications with new parties as they enter. So we haven't really had a challenge of, you know, finding banks to work with, and our reputation has helped us kind of attract new banks as they've entered into the space.

Yeah, Gayle had spoke to it a little bit. One of the things we're really proud of that is also a challenge of ours is challenge the non-diverse banks or majority banks to improve their DEI focus and practices. So not to repeat what Gayle had said, but we have an annual Honor Roll Program where we look at a qualitative and quantitative assessment of our non-diverse banking partners to assess their coverage team of us and their support for us and their kind of

firm-wide initiatives in the D&I space. We have a public press release that celebrates those that we name to the honor roll and then those that are not on the honor roll.

All of the -- all of our banks, non -- our non-diverse banks receive an annual kind of feedback based on how they rank within our banking group on a confidential basis and feedback on why they scored the way they did, and then we have conversations with them on how to potentially improve.

So it's been a great program for us, but I would say that that's one of the things we feel really good about what we've done in the -- with the diverse banks that we work with, but we've also tried to expand it to kind of challenge the majority banks to improve in that aspect as well.

MS. ROBINSON: Thank you. If the commissioners do not have any further questions or comments, we can pass this on to Chairman Zalewski to adjourn our session.

CHAIR ZALEWSKI: I just want to say, first of all, thank you to Director Robinson for running a

1 really great event and doing, like you mentioned, this -- it's just the end of a solid nine months of 2 3 work of preparation. So thank you to you and to Jim 4 and Wei Chen and your team for running a successful 5 policy session and for keeping us on time. That is not 6 easy. You did a wonderful job. 7 I want to thank everyone, of course, 8 who participated and answered our questions. But for 9 everyone for being here, it shows your commitment and 10 interest in the topic. So it's wonderful to be back in person. And thank you for your -- for being here. 11 12 then with that, if there's no other objection, the 13 meeting is now adjourned. Thank you. 14 (Meeting adjourned.) 15 16 17 18 19 20 21 22